

House Amendment to
Senate File 2380

S-5292

1 Amend Senate File 2380, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. By striking page 1, line 1, through page 5, line
4 3, and inserting:

5 <DIVISION I

6 REVIEW AND REAUTHORIZATION OF PROGRAMS

7 Section 1. INTENT AND PURPOSE.

8 1. It is the intent of the general assembly that
9 each tax credit, withholding credit, and revenue
10 division program should effectuate the purposes for
11 which it was enacted and that the cost of such programs
12 should be included more readily in the yearly budgeting
13 process.

14 2. The purposes of this Act are to provide for the
15 regular review of all tax credit, withholding credit,
16 and revenue division programs in order to facilitate
17 the reauthorization of successful programs and to do
18 so at a cost that can be accommodated by the state's
19 annual budget.

20 DIVISION II

21 LEGISLATIVE TAX EXPENDITURE COMMITTEE

22 Sec. 2. Section 2.45, Code Supplement 2009, is
23 amended by adding the following new subsection:

24 NEW SUBSECTION. 5. *a.* The legislative tax
25 expenditure committee which shall be composed of
26 ten members of the general assembly, consisting of
27 five members from each house, to be appointed by the
28 legislative council. In appointing the five members of
29 each house to the committee, the council shall appoint
30 three members from the majority party and two members
31 from the minority party.

32 *b.* The legislative tax expenditure committee shall
33 have the powers and duties described in section 2.48.

34 Sec. 3. NEW SECTION. 2.48 **Legislative tax**
35 **expenditure committee — review of tax incentive**
36 **programs.**

37 1. *Duties of committee.* The legislative tax
38 expenditure committee shall do all of the following:

39 *a.* Evaluate any tax expenditure available
40 under Iowa law and assess its equity, simplicity,
41 competitiveness, public purpose, adequacy, and extent
42 of conformance with the original purposes of the
43 legislation that enacted the tax expenditure, as those
44 issues pertain to taxation in Iowa. For purposes of
45 this section, "*tax expenditure*" means an exclusion
46 from the operation or collection of a tax imposed in
47 this state. Tax expenditures include tax credits,
48 exemptions, deductions, and rebates. Tax expenditures
49 also include sales tax refunds issued pursuant to
50 section 423.3 or section 423.4.

1 *b.* Establish and maintain a system for making
2 available to the public information about the amount
3 and effectiveness of tax expenditures, and the extent
4 to which tax expenditures comply with the original
5 intent of the legislation that enacted the tax
6 expenditure.

7 2. *Review of tax expenditures — budget*
8 *estimates.* The legislative tax expenditure committee
9 shall do all of the following:

10 *a.* Engage in the regular review of the state's tax
11 expenditures.

12 (1) In reviewing tax expenditures, the committee
13 may review any tax expenditure at any time, but
14 shall at a minimum perform the reviews described in
15 subsection 3.

16 (2) For each tax expenditure reviewed, the
17 committee shall submit a report to the legislative
18 council containing the results of the review. The
19 report shall contain a statement of the policy goals
20 of the tax expenditure and a return on investment
21 calculation for the tax expenditure. For purposes of
22 this subparagraph, "*return on investment calculation*"
23 means analyzing the cost to the state of providing
24 the tax expenditure, analyzing the benefits realized
25 by the state from providing the tax expenditure, and
26 reaching a conclusion as to whether the benefits of
27 the tax expenditure are worth the cost to the state of
28 providing the tax expenditure.

29 (3) The report described in subparagraph (2)
30 may include recommendations for better aligning
31 tax expenditures with the original intent of the
32 legislation that enacted the tax expenditure.

33 *b.* (1) Estimate for each fiscal year, in
34 conjunction with the legislative services agency
35 and the department of revenue, the cost of each
36 individual tax expenditure and the total cost of all
37 tax expenditures, and by December 15 provide those
38 estimates to the governor for use in the preparation
39 of the budget message under section 8.22 and to the
40 general assembly to be used in the budget process.

41 (2) The estimates provided pursuant to subparagraph
42 (1) may include the committee's recommendations for
43 the imposition of a limitation on a specified tax
44 expenditure, a limitation on the total amount of
45 tax expenditures, or any other recommendation for a
46 specific tax expenditure or the program under which the
47 tax expenditure is provided.

48 3. *Schedule of review of all tax expenditures.* The
49 committee shall review the following tax expenditures
50 and incentives according to the following schedule:

1 a. In 2011:
2 (1) The high quality jobs program under chapter 15,
3 subchapter II, part 13.
4 (2) The tax credits for increasing research
5 activities available under sections 15.335, 15A.9,
6 422.10, and 422.33.
7 (3) The franchise tax credits available under
8 sections 422.11 and 422.33.
9 (4) The earned income tax credit available under
10 section 422.12B.
11 b. In 2012:
12 (1) The Iowa fund of funds program in chapter 15E,
13 division VII.
14 (2) Property tax revenue divisions for urban
15 renewal areas under section 403.19.
16 (3) The targeted jobs withholding credits available
17 under section 403.19A.
18 (4) Funding of urban renewal projects with
19 increased local sales and services tax revenues under
20 section 423B.10.
21 (5) School tuition organization tax credits under
22 sections 422.11S and 422.33.
23 (6) Tuition and textbook tax credits under section
24 422.12.
25 c. In 2013:
26 (1) The child and dependent care and early
27 childhood development tax credits under section
28 422.12C.
29 (2) The endow Iowa tax credits authorized under
30 section 15E.305.
31 (3) The redevelopment tax credits available under
32 section 15.293A.
33 (4) The disaster recovery housing tax credits
34 available under sections 16.211 and 16.212.
35 (5) The tax credits available for film, television,
36 and video project promotion under section 15.393.
37 d. In 2014:
38 (1) Tax credits for investments in qualifying
39 businesses and community-based seed capital funds under
40 chapter 15E, division V.
41 (2) Historic preservation and cultural and
42 entertainment district tax credits under chapter 404A.
43 (3) Wind energy production tax credits under
44 chapter 476B.
45 (4) Renewable energy tax credits under chapter
46 476C.
47 (5) The ethanol promotion tax credits available
48 under section 422.11N.
49 (6) The E-85 gasoline promotion tax credits
50 available under section 422.11O.

1 (7) The biodiesel blended fuel tax credits
2 available under section 422.11P.
3 e. In 2015:
4 (1) The agricultural assets transfer tax credit
5 under section 175.37.
6 (2) The claim of right tax credit under section
7 422.5.
8 (3) The reduction in allocating income to Iowa by S
9 corporation shareholders under section 422.8.
10 (4) The minimum tax credit under sections 422.11B,
11 422.33, and 422.60.
12 (5) The assistive device corporate tax credit under
13 section 422.33.
14 (6) The charitable conservation contribution tax
15 credit under sections 422.11W and 422.33.
16 (7) The motor vehicle fuel tax credit under section
17 422.110.
18 (8) The new jobs tax credits available under
19 section 422.11A.
20 (9) The financial assistance available under the
21 enterprise zones program in chapter 15E, division
22 XVIII.
23 4. A tax expenditure or incentive reviewed pursuant
24 to subsection 3 shall be reviewed again not more than
25 five years after the tax expenditure or incentive was
26 most recently reviewed.>
27 2. Page 5, line 26, by striking <2012> and
28 inserting <2013>
29 3. Page 10, by striking lines 2 through 9.
30 4. Page 11, by striking lines 9 through 18.
31 5. By renumbering as necessary.